

Exhibit M
Deposition Exhibit 34

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Video sweepstakes owner says he operated within the law

WHITEVILLE, NC (WECT) - The business owner charged Tuesday with illegally operating a video gaming parlor near Whiteville says his machines followed the letter of the law - but the district attorney disagrees.

The Columbus County Sheriff's Office arrested Jeffery Scott Smith of Dublin on two misdemeanor counts after executing a search warrant at Gold Rush Internet Café on Hwy. 701 north of Whiteville.

Investigators seized computer hard drives from 68 gaming machines along with more than \$5,800 in cash.

Smith claims the machines are legal because customers who purchased Internet time were notified of winnings before playing the games.

"Those same games are running in over 40 counties in the state of North Carolina," Smith said. "There are other [district attorneys] and sheriff's departments that agree that our software is compliant."

District Attorney Jon David said the State Supreme Court upheld a statute that made video sweepstakes illegal, but Smith's attorney, Alan Maynard, claims the court's decision does not outlaw the types of machines that were used at Gold Rush.

David plans to prosecute the misdemeanor charges in superior court, instead of district court - a move Smith says would waste time and money.

"Superior court is an expensive endeavor for the taxpayers and not to mention that typically that's where murders and rapes and that type of stuff is tried," Smith said.

But David insists taking the case to superior court is in Smith's best interest.

"By bringing this matter directly into superior court, we're going to expedite things and give the community a chance to weigh in on what justice should be," David said. "And I would think that any defendant should embrace that opportunity because a jury is the ultimate safeguard for any criminal defense."

Smith escaped a gaming conviction in April when a nine-day superior court trial in Elizabethtown ended in a hung jury.

In May, Smith re-opened two sweepstakes businesses in Dublin, where he is a town commissioner.

When asked about continuing to operate in Bladen County despite being shut down this week in Columbus County, Smith said, "We were not found guilty. Bladen County acknowledges that."

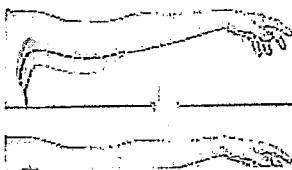
David said he has instructed Bladen County Sheriff Prentis Benston to investigate.

"If he's operating those systems consistently with how he's done that in Columbus County, he certainly faces some criminal exposure," David said.

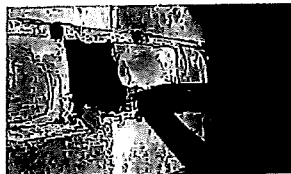
Benston didn't immediately return a call for comment.

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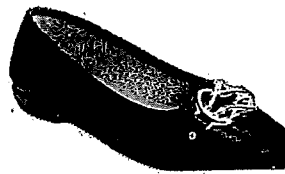
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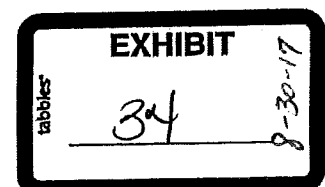
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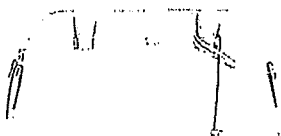


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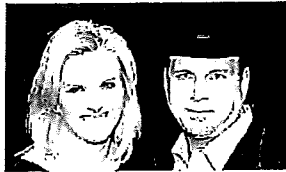




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